

**IC 21-1-32****Chapter 32. Charter School Advancement Account****IC 21-1-32-1****"Board"**

Sec. 1. As used in this chapter, "board" refers to the Indiana state board of education established by IC 20-19-2-2.

*As added by P.L.1-2005, SEC.36.*

**IC 21-1-32-2****"Charter school"**

Sec. 2. As used in this chapter, "charter school" refers to a school established under IC 20-24.

*As added by P.L.1-2005, SEC.36.*

**IC 21-1-32-3****"Department"**

Sec. 3. As used in this chapter, "department" refers to the department of education established by IC 20-19-3-1.

*As added by P.L.1-2005, SEC.36.*

**IC 21-1-32-4****"Operational costs"**

Sec. 4. As used in this chapter, "operational costs" means costs other than construction costs incurred by:

- (1) a charter school other than a conversion charter school during the second six (6) months of the calendar year in which the charter school begins its initial operation; or
- (2) a charter school, including a conversion charter school, during the second six (6) months of a calendar year in which the charter school's most recent enrollment reported under IC 20-24-7-2(a) divided by the charter school's previous year's ADM is at least one and fifteen-hundredths (1.15).

*As added by P.L.1-2005, SEC.36.*

**IC 21-1-32-5****Account established**

Sec. 5. The charter school advancement account is established within the common school fund.

*As added by P.L.1-2005, SEC.36.*

**IC 21-1-32-6****Duty of board**

Sec. 6. The board shall advance money to charter schools from the charter school advancement account to be used for operational costs.

*As added by P.L.1-2005, SEC.36.*

**IC 21-1-32-7****Amount of advance**

Sec. 7. (a) The amount of an advance under section 6 of this

chapter for operational costs described in section 4(1) of this chapter may not exceed the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the product of:

- (A) the charter school's enrollment reported under IC 20-24-7-2(a); multiplied by
- (B) the target revenue per ADM determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for the charter school.

STEP TWO: Determine the quotient of:

- (A) the STEP ONE amount; divided by
- (B) two (2).

STEP THREE: Determine the product of:

- (A) the STEP TWO amount; multiplied by
- (B) one and fifteen-hundredths (1.15).

(b) The amount of an advance under section 6 of this chapter for operational costs described in section 4(2) of this chapter may not exceed the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the quotient of:

- (A) the target revenue per ADM determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for the charter school; divided by
- (B) two (2).

STEP TWO: Determine the difference between:

- (A) the charter school's current ADM; minus
- (B) the charter school's ADM of the previous year.

STEP THREE: Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the STEP TWO amount.

STEP FOUR: Determine the product of:

- (A) the STEP THREE amount; multiplied by
- (B) one and fifteen-hundredths (1.15).

*As added by P.L.1-2005, SEC.36.*

## **IC 21-1-32-8**

### **Terms of advance; prepayment**

Sec. 8. (a) Money advanced to a charter school under this chapter may be advanced for a period not to exceed twenty (20) years. A charter school to which money is advanced under this chapter must pay interest on the advance at the rate determined under section 9 of this chapter. The board shall provide that the advances are prepayable by the charter school or by the general assembly at any time.

(b) This subsection applies if the general assembly prepays an advance under this chapter. A prepayment under this subsection must be deducted from the amount appropriated for distributions under IC 21-3-1.7.

(c) The board, after consulting with the department and upon approval of the budget agency, shall establish the terms of an

advance before the date on which the advance is made. The terms must include a provision allowing the state to withhold funds due to a charter school to which an advance is made until the advance, including interest accrued on the advance, is paid.

*As added by P.L.1-2005, SEC.36.*

#### **IC 21-1-32-9**

##### **Interest rate**

Sec. 9. The state board of finance shall establish periodically the rate of interest payable on advances under this chapter. An interest rate established under this section may not:

- (1) be less than one percent (1%); or
- (2) exceed four percent (4%).

*As added by P.L.1-2005, SEC.36.*

#### **IC 21-1-32-10**

##### **Withholding funds**

Sec. 10. (a) To ensure timely payment of an advance under this chapter according to the terms of the advance, the state may withhold from funds due to the charter school to which the advance is made an amount necessary to pay the advance and the interest on the advance.

(b) If the state withholds funds under subsection (a), the state first shall withhold funds from the distribution of state tuition support to the charter school to which the advance is made. If the tuition support distribution is unavailable or inadequate, the state may withhold funds from any other distribution of state funds to the charter school.

*As added by P.L.1-2005, SEC.36.*

#### **IC 21-1-32-11**

##### **Application for advance**

Sec. 11. A charter school that desires to obtain an advance under this chapter must submit an application to the board on a form prescribed by the board after the board consults with the department and the budget agency to determine the amount of the advance, as required by section 8(c) of this chapter.

*As added by P.L.1-2005, SEC.36.*

#### **IC 21-1-32-12**

##### **Constitutional limitation on or prohibition against indebtedness by state**

Sec. 12. (a) An advance under this chapter to a charter school is not an obligation of the charter school within the meaning of a constitutional limitation on or prohibition against indebtedness. This chapter does not relieve the organizer of the charter school of the duty to qualify the charter school for state tuition support.

(b) An agreement with the board to collect and pay over amounts deducted from state tuition support for the benefit of another party is not a debt of the state within the meaning of a constitutional limitation on or prohibition against state indebtedness.

*As added by P.L.1-2005, SEC.36.*

**IC 21-1-32-13**

**Priority of advances**

Sec. 13. Priority of advances for operational costs must be on a basis determined by the board after consulting with the department and the budget agency.

*As added by P.L.1-2005, SEC.36.*